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August 18, 1997
BY HAND

William F Caton, Secretary
FEDERAL COMMUNICATIONS COMMISSION
Office of the Secretary
1919 M Street, NW
Washington, DC 20554

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AUG 18 1997

Re: Access Charge Reform, CC Docket No. 96-262

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Dear Mr. Caton:

Enclosed for filing are the original and 4 copies of the comments of Boston University in support of the petitions for reconsideration of the International Communications Association and (in part) of the United States Telephone Association.

Very truly yours,

Robert Glass

Robert Glass

Enclose

cc: ITS
Chief, Competitive Pricing Div.
Mary McDermott, Esq. (USTA)
Joseph Di Bella, Esq. (NYNEX)
Brian Moir, Esq. (ICA)
James Shea (Boston Univ.)
(w/ encl.)

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Before the
Federal Communications Commission
Washington, D.C. 20554

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AUG 18 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)	
)	
Access Charge Reform)	CC Docket No. 96-262
)	
Price Cap Performance Review for)	CC Docket No. 94-1
Local Exchange Carriers)	
)	
Transport Rate Structure and Pricing)	CC Docket No. 91-213
)	
End User Common Line Charges)	CC Docket No. 95-72

COMMENTS OF BOSTON UNIVERSITY IN SUPPORT OF
THE PETITIONS FOR RECONSIDERATION OF
THE INTERNATIONAL COMMUNICATIONS ASSOCIATION AND (IN PART) OF
THE UNITED STATES TELEPHONE ASSOCIATION

Boston University, an institution of higher learning located in Boston, Massachusetts, submits these comments in support of the petition for reconsideration of the International Communications Association ("ICA") and in support of portions of the petition for reconsideration and/or clarification of the United States Telephone Association (USTA) ("the Petition"), namely, pages 2-4 thereof. Both ICA and USTA, in their petitions filed on July 11, 1997, properly complain of the manner in which the new presubscribed interexchange carrier charge ("PICC") is to be applied to Centrex lines.

Boston University's interest in this issue is substantial, inasmuch as it subscribes to approximately 10,000 Centrex lines furnished by NYNEX under what in Massachusetts is known as an FPO contract or contract-tariff.¹ Historically, such Centrex contracts were permitted by

¹ FPO stands for "Facilities Payment Option." It is essentially a customer-specific tariff subject to review and approval by the Massachusetts Department of Public Utilities ("DPU").

the Massachusetts Department of Public Utilities ("DPU") to enable NYNEX to compete with PBX services. By its Order of May 16, 1997, however, the FCC has not merely, as USTA claims, impaired local exchange carriers' ("LECs") ability to compete with PBXs, but also, of greater importance to Boston University and other major users of Centrex under contracts with the LECs, drastically and unexpectedly changed the rules in the middle of the game, to their great cost.

The Order requires that the PICC recover common line revenues which are not recovered from the Subscriber Line charge (SLC) and other common line charges. The PICC is subject to a ceiling of \$.53 for primary residence and single line business lines, \$1.50 for non-primary residence lines and \$2.75 for multi-line business lines. The problem is that the PICC is to be applied on the same per-line basis as the SLC,² which will greatly exacerbate the existing disproportionate assessment on Centrex lines as opposed to PBX arrangements.

Boston University recognizes that the subscriber line charge ("SLC") has been applied in this manner, and that the FCC is "only" applying the same familiar per-line principle to the new PICC charge. The difference is one of degree, but it is enormous:

In the first place, the cap on the SLC itself has been raised about 50%, to \$9 per line. Although NYNEX's plan to increase the SLC has not been made final, it is the clear understanding of Massachusetts Centrex users that on January 1, 1998 NYNEX is expected to raise the SLC (or EUCL) from its present level of \$5.94 to somewhere in the range of \$7.50 to \$8.50. This alone is sufficient to greatly widen the disparate treatment of Centrex vs. equivalent PBX systems.

² Order, §69.153.

On top of this, the Commission now applies a new \$2.75 per line charge on the same basis, adding to what may well turn out to be a cumulative \$5 or \$5.25 per line additional handicap on Boston University's Centrex lines. With 10,000 lines, that means a potential \$50,000 or more per month added to the University's telephone bills when its long-distance carriers begin passing-on the PICC charges for which they are responsible.

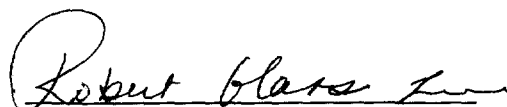
Third, the FCC's SLC is sufficient to recover the interstate portion of all common line costs used to provide Centrex service; the new PICC revenues, which are also supposed to substitute, at least in part, for the transport interconnection charge ("TIC") are therefore simply a subsidy, totally unrelated to the LEC's cost of providing Centrex service.

Fourth, there is no way that the modest reduction in per-minute-of-use switched access charges are going to flow-through to Boston University and other similarly-situated users of special access, for whom long distance rates have tended be much closer to actual cost than users of switched access. Such reductions, if, indeed, they benefit anyone, will almost certainly accrue to those latter customers.

While in principle the Commission is right to attempt to identify and recover non-traffic-sensitive ("NTS") costs in a per-line manner, because the Commission has decided to restructure rates on a "revenue-neutral" basis as far as incumbent LECs are concerned, rather than on a forward-looking long run incremental cost basis, the embedded subsidies to these LECs, represented by the increased SLC and the new per-line PICC, are excessive, and the enormous cost of paying them falls most heavily on users of Centrex who, like Boston University, are already more than paying their way.

There are several measures the Commission should consider to mitigate the economic distortions upon Centrex that are outlined above. One would be to assess the PICC on Centrex lines and on PBX lines using a reasonable line-to-trunk equivalency ratio. As USTA points out (p. 4), such ratios can already been found in intrastate tariffs. Alternatively, LECs could be permitted to use NARs (essentially equivalent to PBX trunks) for assessing PICCs on Centrex customers. A third approach would be to permit at least a limited form of grandfathering for Centrex customers who are locked into bona-fide long-term contract-tariffs. Boston University and similarly-situated Centrex users should not be so heavily penalized for attempting to conduct their business in a rational manner in accordance with prevailing law. If the Commission is going to radically change the rules, fine; but it should do so prospectively to the greatest extent possible.

Respectfully submitted,
BOSTON UNIVERSITY
(Trustees of Boston University)
By its attorneys,

A handwritten signature in dark ink, appearing to read "Robert Glass", is written over a horizontal line.

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Tel. 617-482-6355

Date: August 18, 1997

Certificate of Service

I, Suzanne Takata certify that true and correct copies of the preceding Comments of Boston University in Support of the Petitions for Reconsideration of the International Communications Association and (in part) of the United States Telephone Association in CC Dockets 96-262, 94-1, 91-213 and 95-72 were served this 18th day of August, 1997 via overnight mail to the following list. Parties marked with an (*) were served by hand delivery.

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Association
2000 L Street, N.W.
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Washington, D.C. 20036-4907

United States Telephone Association
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Suzanne Takata

August 18, 1997